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Advertising Age

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LAST MINUTE NEWS

New outdoor board plan

WASHINGTON—The Outdoor Advertising Association of America today will announce a new program that identifies outdoor boards within 500 feet of schools, places of worship and hospitals with decals to signal the boards are "off limits" for cigarette and alcohol-related ads. The association in June adopted guidelines encouraging members to voluntarily prohibit such ads on boards in those areas. The association said major outdoor companies including Gannett Outdoor, Patrick Media Group, Lamar Advertising and Penn Advertising have agreed to use the decals.

McD grills chicken

OAK BROOK, Ill.—McDonald's has begun testing a grilled chicken breast sandwich served on a wheat bun in Albany, N.Y.; Knoxville, Tenn.; San Diego; Toledo, Ohio; and the Quad Cities area of Illinois and Iowa. McDonald's is positioning the item as a lower-calorie (less than 300) and lower-fat menu option. Leo Burnett USA, Chicago, provides TV and in-store creative; local co-op agencies are placing media. Burger King added the BK Broiler grilled chicken sandwich systemwide this spring; Wendy's will roll its version national this fall.

Surf's Up! for snacks

MINNEAPOLIS—General Mills next month will introduce Surf's Up! fruit snacks in the Midwest and Western states. Tutti Frutti and Sun Splash flavors feature a variety of beach shapes, including sand castles, dune buggies, sunglasses, starfish and boom boxes. A spot, syndicated and cable TV campaign will break this fall via Saatchi & Saatchi Advertising, New York. Free standing inserts and other promotions support.

Ad watchdog to aid PR

WASHINGTON—The State Advertising Coalition, formed three years ago by three industry associations to fight off state ad-tax attempts, hired Linda Myers Dove, former assistant press secretary to Maryland Gov. William Schaefer, to monitor state legislative initiatives against public relations. The hiring indicates the Association of National Advertisers and American Advertising Federation agreed to proposals by the American Association of Advertising Agencies to

(Continued on Page 8)

INSIDE

Newspapers

Say farewell to major metro start-ups—their days are over.
Starts after Page 48

Marketers on alert

Iraq crisis rattles U.S. consumers' confidence

An Advertising Age roundup

The Middle East crisis brought on by Iraq's invasion of Kuwait is triggering a decline in consumer confidence that marketers fear could descend to alarming levels as they head for the crucial fourth quarter.

MIDDLE EAST CRISIS

Fear of higher prices due to rising energy costs is what's shaking consumer confidence *(see* Advertising Age*/Gallup Organization poll below).*

Consumers are "shaken, confused and concerned" about the oil crisis though confident in the Bush administration's assertive action, said Gary Stibel, a founding principal of New England Consulting Group.

Some marketers are developing contingency plans to cover "what-if" situations for worse-than-expected or better-than-expected holiday sales, Mr. Stibel said. Companies dependent on fourth-quarter sales may actually boost ad spending *(see story below on Eastman Kodak Co.)*, he predicted, especially if consumer confidence worsens.

See related stories on Pages 38, 39 and 59; see Editorial on Page 46.

The crisis is already having an impact on advertising strategies, particularly at the U.S. oil companies.

Last week, Sun Oil Co. decided to postpone a campaign for its Atlantic gas stations division.

"Certainly they don't want to go ahead and do advertising for Atlantic until they see what the [Mideast] situation is," said Jeff Fine, chairman-chief operating officer at the Bloom Agency, New York, the company's ad agency.

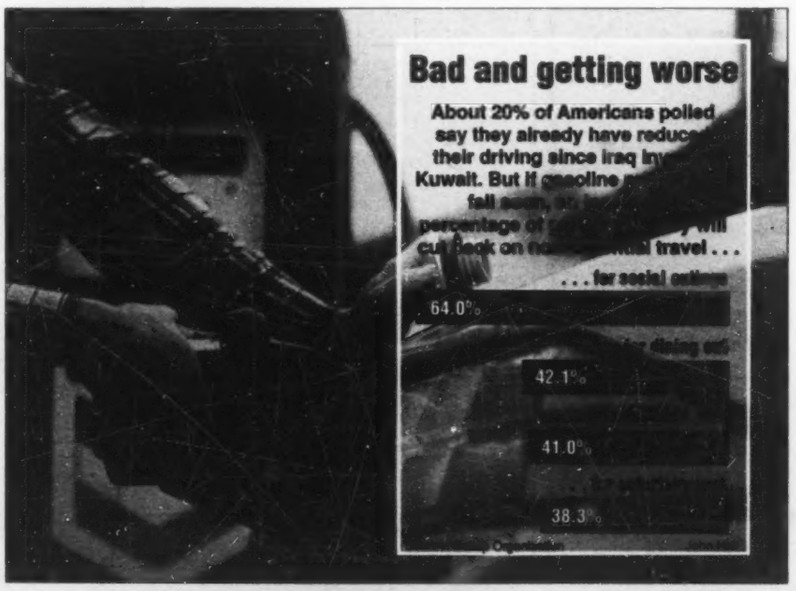
The U.S. Council for Energy Awareness, a Washington lobbying group for the nuclear energy industry, last week added 11 major dailies to its regular weekly schedule of newspaper ads in three papers, said Ed Arduss, VP-advertising.

The print ad from Ogilvy & Mather,

(Continued on Page 62)

Oil's image problem
Do you think the price increase by the oil companies was necessary because of the Iraqi situation, or do you think the oil companies only raised prices to take advantage of the situation?
Necessary 4%
4% Don't know
91% Yes, oil companies are taking advantage of the situation to increase profits
Source: Gallup Organization

John Hall


Bad and getting worse
About 20% of Americans polled say they already have reduced their driving since Iraq invaded Kuwait. But if gasoline prices fall soon, the percentage of drivers who will cut back on nonessential travel . . .
. . . for social outings
64.0%
42.1%
41.0%
38.3%

Comstock/Michael Stuckey

Consumers already are driving less

By Scott Hume

Consumers have changed their behavior in response to the sudden surge in gas prices, and even more dramatic changes can be expected if gas prices don't come down.

The implications of those changes for the entertainment, restaurant, travel/tourism and retailing industries are dramatic.

What those and other industries rely on is consumers' willingness to use their cars, but an exclusive survey conducted last week for *Advertising Age* by the Gallup Organization shows that the double-digit jump in gas prices following Iraq's invasion of Kuwait is already causing people to cut

(Continued on Page 63)

Kodak pins hopes on a Star

New 35mm camera line to snap up bigger ad spending

By Alison Fahey

Eastman Kodak Co., in a reversal of its previous marketing strategy, will introduce a new line of low-price 35mm amateur cameras designed to appeal to "the masses."

This move and other fall plans by Kodak mean a boost in fourth-quarter ad spending by the camera marketer.

The new Star line, coming in October, represents Kodak's attempt to hike sales with high-volume, low-price cameras. It replaces the 2 Series, 100 Series and 200 Series.

"We've changed our price strategy to appeal to the masses," said Dan Matthaidess, a Kodak spokesman. "We're broadening our audience and trying to upgrade consumers into 35mm from their older model, non-35mm cameras such as Instamatics."

The Star line will be supported by a $7 million TV and print campaign from Young & Rubicam, New York, and promotional support via Hutchins/Y&R, Rochester, N.Y.

Kodak's latest single-use 35mm camera also will get a fourth-quarter push, backed by new ads from Y&R.

The campaign will boost overall fourth-quarter ad spending for cameras by 15% from the same period in 1989, said Joseph Ganey, Kodak's U.S. marketing manager for cameras.

He added that Kodak's 1990 ad spending for cameras will be up about 35% over 1989 but declined to disclose budget figures.

Kodak spent about $6 million on measured media advertising for cameras during fourth quarter 1989 and $9 million for the year, according to LNA/Arbitron Multi-Media Service.

J. Walter Thompson USA, New York

NEWS SUMMARY

■ **A buying slowdown** by consumers in reaction to the Middle East confrontation is becoming the big worry of marketers. 1

■ **Eastman Kodak** will introduce the Star line of mass-market, low-price 35mm cameras in October with a $7 million media ad campaign. 1

■ **An "upfront" market** for magazines may emerge this fall, with advertisers offering long-range bulk-buying dollar commitments to multititle publishers. 3

■ **Frisbee Flying Dog Treats,** shaped like small versions of the disc toy and aerodynamically designed, will be introduced in October by Quaker Oats Co. 3

■ **Home video marketers** plan to increase ad spending for new releases to stave off slower growth. 3

■ **Scali, McCabe, Sloves** blamed the loss of Procter & Gamble business on the shop's ties to WPP Group, whose main agencies handle Unilever business. P&G moved Old Spice and Santa Fe brands to Tatham-Laird & Kudner. 4

■ **Kellogg** and Nabisco settled their legal fight over nutrition claims for shredded wheat but are testing nearly identical shredded wheat products. 6

■ **Choice Hotels International,** formerly Quality Inns International, is using daredevil Evel Knievel as its latest celebrity to climb out of a suitcase in its ads. 16

■ **Creative talent** is in short supply as several leading ad agencies seek to fill key creative posts. 37

■ **Ed McCabe,** creative partner at Beber, Silverstein, McCabe & Partners, said a recession brings out the best in talented adpeople. 38

■ **Military recruitment ad spending** is expected to face a cut of 10% or more in fiscal 1991 despite the deployment of forces in the Middle East. 39

■ **NutraSweet Co.'s** introduction of Simple Pleasures frozen dessert with Simplesse fat substitute has been hampered by production problems and an ad delay. 40

■ **Magazine circulation** figures from the Audit Bureau of Circulations showed only 20 of the 55 leading titles with increases over last year's first half. 42

■ **Most Middle East** ad agencies, with the exception of those in Kuwait, are doing business as usual despite the tense political and military situation. 59

■ **Eastern Europe** continues to attract U.S. agencies. Young & Rubicam purchased majority interest in a Prague shop, and Bozell has signed agreements with agencies in Budapest and Warsaw. 61

■ **Pepsi-Cola Co.** named David Novak exec VP-marketing; he was with PepsiCo's Pizza Hut unit. 65

■ **Publisher Mortimer Zuckerman** said he's had preliminary discussions about acquiring *Memories*. 66

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McCaffrey deal set

Saatchi decides to finance buyback

By Jon Lafayette

NEW YORK—Saatchi & Saatchi Co.'s agreement last week to finance the long-delayed sale of McCaffrey & McCall could set a benchmark for other units interested in buying themselves back from the London-based holding company.

"I'm sure people at all the Saatchi agencies are looking to see how much [McCaffrey] paid," said an executive at a Saatchi agency. "They'll all want at least as good a deal."

This executive speculated that Saatchi preferred to finance the buyback itself rather than reduce the price for the $303 million shop even further.

When negotiations began early last year, Saatchi wanted as much as $40 million. Last November, Saatchi reached an agreement in principle to sell the agency for $20 million to $25 million.

Under last week's agreement, Saatchi will sell the agency to management for less than $20 million, a source close to the deal said. McCaffrey management will pay Saatchi about $2 million now and will pay interest on notes for the balance for several years, the source said.

The deal provides cash-strapped Saatchi with some money now, and a stream of income for the next few years.

Saatchi decided to finance the purchase itself because McCaffrey management couldn't get favorable financing from banks. Financial institutions have become more restrictive in their loans, especially for service businesses such as ad agencies.

Although Saatchi decided to sell the agency for a depressed price and receive payments for an extended period, analysts weren't disappointed.

"Getting rid of non-strategic pieces, where possible, for reasonable prices is good, period," said Greg Ostroff, analyst at Goldman, Sachs & Co.

Saatchi Chief Executive Robert Louis-Dreyfus has also sold off the company's consulting units at prices mostly below the price Saatchi originally paid for them.

There have been reports that other parts of the company's communications division are up for sale, to third parties or management. But Mr. Louis-Dreyfus has consistently denied the reports.

With its ownership uncertain, McCaffrey—led by Chairman-CEO Robert Cherins—has found competing for new business difficult. The agency has been revamping management, including the hiring last September of John Doig from Ogilvy & Mather as deputy chairman-chief creative officer.

McCaffrey last week also joined the ranks of agencies adopting the British account planning system by hiring Lauren Press as director of strategic planning, from VP-planning director at O&M.

Planners try to bring the consumer's viewpoint into the process of creating advertising. □

McDonell exits 'Smart'

By Scott Donaton

NEW YORK—Editor in Chief Terry McDonell's departure from *Smart* casts a shadow of doubt over the fledgling men's magazine, just weeks after it got an infusion of much-needed cash.

Mr. McDonell, 46, was named editor in chief of Hearst Corp.'s *Esquire* last week. He succeeds Lee Eisenberg, 44, who's moving to London as editor in chief of a U.K. edition of *Esquire*, scheduled to be launched next March.

"From what I know about *Smart*, [Mr. McDonell] was the magazine," said Roberta Garfinkle, VP-director of print media at McCann-Erickson Worldwide. "Whether there's a potential to have a magazine without him, I don't know."

Majority owner New American Magazine Co. is "a troubled magazine company and there seems to be a glut of men's magazines right now, so I think there would be difficulties without him," she said.

"Terry conceived of *Smart*; his stamp was on every article," said Valerie Green, former marketing director at the magazine and now VP-advertising sales and marketing at *Spin*. "I can't see *Smart* without Terry there."

T. McDonell

Mr. McDonell founded *Smart*, positioned against *Esquire*, in 1988. He sold a majority stake in the magazine to Owen Lipstein, chairman of New American, the following year. Mr. Lipstein sold 50% of his magazine company, including *Smart*, to Tokyo-based Japanese Independent Communication Co. earlier this month (AA, Aug. 13).

Last week, Mr. Lipstein said he will buy Mr. McDonell's stake in the magazine for an undisclosed amount.

Smart has won critical praise since its launch, but Mr. Lipstein's financial troubles hurt the magazine's reputation with advertisers.

Tension between Messrs. McDonell and Lipstein became apparent earlier this year during their efforts to find an investor for *Smart* (AA, June 11).

Smart, published 10 times yearly, claims a rate base of 250,000, but its circulation isn't audited.

Both Messrs. Lipstein and McDonell described their parting as "amicable" and both downplayed speculation that *Smart* can't survive without Mr. McDonell.

"I'm not going to pretend it's good, but we have major financing behind the magazine and we have an editor in mind who we think is terrific," Mr. Lipstein said. He declined to comment further on Mr. McDonell's successor.

Smart's loss could be *Esquire's* gain. Mr. McDonell's 20-plus years in the magazine business have included stints as founding editor of *Outside*, managing editor of *Rolling Stone* and assistant managing editor at *Newsweek*.

Esquire, a monthly, has a rate base of 700,000. □

PM adds to smaller shops

By Judann Dagnoli

NEW YORK—Philip Morris USA has given new, unspecified cigarette assignments to three small-to-midsize agencies in an attempt to develop more creative advertising.

Philip Morris has assigned three new-product projects to TBWA; two projects to Omon, at least one of which is a new product; and is "very close to an agreement" with Romann & Tannenholz for at least one other project, a Philip Morris source said.

Both TBWA and Omon already handle undisclosed projects on assignments for Philip Morris, awarded earlier this year when the company unexpectedly opened it doors to smaller agencies (AA, Feb. 19).

Philip Morris traditionally relies on Leo Burnett USA, Chicago, and New York agencies Backer Spielvogel Bates and Wells, Rich, Greene for the bulk of its $300 million-plus in cigarette advertising.

The new assignments are said to be in response to the company's frustration over a lack of breakthrough creative ideas.

In addition, the tobacco giant has asked Burnett to help WRG in executing a long-delayed campaign for the $60 million Benson & Hedges account.

The company views Burnett almost as its "house agency," the Philip Morris source said, adding that the request "is not in the nature of an [account] shift."

The move marks the second time Philip Morris has asked other agencies to pitch in on Benson & Hedges. Last October, WRG managed to hold onto the business after the company conducted an unofficial review.

The source said Philip Morris "is committed to giving [WRG]

Newsstand woes grease magazine skid

By Ira Teinowitz

Six of the nation's top 55 magazines failed to make their circulation guarantees for the first half of the year.

Reports to the Audit Bureau of Circulations showed *Family Circle*, *National Enquirer*, *First for Women*, *Scholastic*, *Penthouse* and *Globe* all missed their marks.

In fact, only 20 of the top 55 magazines saw circulation increases from a year earlier.

Among the biggest losers: *National Geographic Magazine*, down 6%; *Sports Illustrated*, down 7%; *Playboy*, down 6.1%; *People*, down 5.1%; *First for Women*, down 25%; and *Penthouse*, down 18.6%.

Conversely, membership titles were some of the biggest winners.

The nation's largest magazine, the American Association of Retired Persons' *Modern Maturity*, rose 10.4%; the National Education Association's *NEA Today* gained 9%; and the American Automobile Association's *Home & Away* rose 6%.

Among the few gainers in general interest magazines: *Woman's Day*, up 4.8%; *Money*, up 7.9%; *1,001 Home Ideas* up 6%; and *Soap Opera Digest*, up 15.2%.

Some industry officials blamed newsstand sales, though several magazines also suffered subscription declines. They said the growth in the number of magazines available may have cannibalized some existing titles.

"We don't see a major trend downward on the subscription side, but single-copy sales are primarily an impulse purchase and people seem to be watching their purse strings," said Bob Cohn, senior VP-circulation marketing for the Magazine Publishers of America. "There is also . . . a lot of product and clutter on the newsstand, and some magazines are finding it difficult to get as much display."

Several publishers, however, said there were other factors.

Time, with a 3.1% circulation drop, said it lowered its rate base to 4 million from 4.3 million last year to cut back unprofitable circulation. The magazine raised its subscription rate, dropped direct marketing to less desirable circulation areas, cut off direct response TV and raised the newsstand price to $2.50 from $2.

"We expected to be down 300,000," said Ellen Fairbanks, consumer marketing director. "It didn't happen. Advertisers got a bigger bonus. They won't see a bonus like that again."

Penthouse blamed the economy and also cited debt woes at convenience stores, where most of its single copies are sold. As of June 1, the title's rate base dropped 12.5% to 2 million.

Suppliers reduced shipments to Circle K Corp. and Southland Corp.'s 7-Eleven chains due to financial troubles, said Marcia Orovitz, VP-newsstand circulation for *Penthouse* parent General Media Co.

Sports Illustrated said its 1990 loss was partially attributable to an unusual 1989.

David Mercado, consumer marketing financial manager, said 1989's figures included the title's 25th anniversary swimsuit issue, which sold nearly 2.5 million single copies (vs. the usual 168,263).

As expected (AA, Aug. 13), *First for Women* was 30.9% below the title's 4 million rate base as of the beginning of the year. *First* lowered its rate base 25% to 3 million on April 23 and is pledging to make the base in the second half of the year or give advertisers 200% of any needed make-goods.

Penthouse, which had a 2.25 million rate base before dropping it to 2 million June 1, fell 24.4% below the higher base. The other titles that fell below their bases: *Family Circle*, 1.7% under its 5.25 million base; *National Enquirer* 2% below its 4.1 million base; *Scholastic* 8.9% below its 2,975,000 base; and the *Globe* 12.3% below its 1.5 million base.

Business Publications Audit of Circulation titles also reported last week but with somewhat more favorable results that may reflect the group's inclusion of unpaid as well as paid circulation. □

BPA's top magazine circulations

Circulation of top magazines as reported to the Business Publications Audit of Circulation. Figures are for the first half of 1990 as compared with the same period in 1989 and are unaudited.

Rank	Publication	Paid circ.	% chg	Total circ.	% chg
1	Disney Channel Magazine	—	—	5,073,963	7.7
2	Friendly Exchange	—	—	4,709,285	2.7
3	AAA World	2,472,436	8.3	2,479,214	8.6
4	TV Host	1,898,240	(1.1)	2,008,484	7.6
5	American Baby Healthy Kids (4-10)	—	—	2,004,175	FA
6	Investment Vision	—	—	1,834,917	0.6
7	American Baby Healthy Kids (Birth-3)	—	—	1,504,298	0.0
8	U., The College Newspaper	78	50.0	1,436,084	0.0
9	Hertz Travel Guide	—	—	1,260,166	99.0
10	Expecting	—	—	1,210,013	(2.3)
11	American Baby	193,063	(3.0)	1,155,063	(0.3)
12	Health Journal	1,108,229	FA	1,108,229	FA
13	Baby Talk	5,251	(26.1)	1,083,729	7.7
14	Movies USA	—	—	1,000,350	FA
15	GO! Girls Only	—	—	1,000,000	FA
16	Mickey Mouse Magazine	953,631	FA	913,631	FA
17	Prize Club Journal	—	—	875,231	14.3
18	Sports Illustrated for Kids	695,283	FA	845,248	FA

Consumer magazine circulation

Circulation of top magazines as reported to the Audit Bureau of Circulations. Figures are for the first half of 1990 as compared in percentage change with the same period in 1989 and are unaudited.

Rank	Publication	Circulation	% chg
1	Modern Maturity	22,443,464	10.4
2	Reader's Digest	16,[illegible]919	(0.2)
3	TV Guide	15,837,064	(3.0)
4	National Geographic Magazine	10,182,911	(6.0)
5	Better Homes & Gardens	8,002,895	(0.3)
6	Family Circle	5,159,147	(1.0)
7	Good Housekeeping	5,105,094	(0.2)
8	Ladies' Home Journal	5,022,414	(1.9)
9	McCall's	5,011,473	(2.7)
10	Woman's Day	4,612,833	4.8
11	Time	4,258,604	(3.1)
12	Guideposts	4,131,548	(2.5)
13	National Enquirer	4,019,187	(4.8)
14	Redbook	3,947,106	1.0
15	Star	3,615,692	1.5
16	Sports Illustrated	3,507,627	(7.0)
17	Playboy	3,436,471	(6.1)
18	Newsweek	3,227,522	(1.9)
19	People	3,176,166	(5.1)
20	Prevention	3,025,746	(4.3)
21	The American Legion Magazine	2,858,405	(0.5)
22	First for Women	2,764,667	(25.0)
23	Cosmopolitan	2,714,639	(2.3)
24	Scholastic Magazines	2,709,232	(5.3)
25	U.S. News & World Report	2,319,591	0.7
26	Smithsonian	2,295,985	(1.2)
27	Southern Living	2,295,241	(0.1)
28	Glamour	2,210,938	(4.8)
29	Field & Stream	2,006,253	(0.7)
30	Money	1,959,228	7.9
31	NEA Today	1,915,891	9.0
32	Motorland	1,902,234	3.6
33	Ebony	1,887,595	3.8
34	Home & Away	1,882,064	6.0
35	V.F.W. Magazine	1,861,182	1.8
36	Popular Science	1,820,471	(0.3)
37	Seventeen	1,754,194	2.2
38	Parents	1,751,839	1.1
39	Country Living	1,750,187	(4.1)
40	Life	1,734,105	(0.2)
41	Penthouse	1,700,984	(18.6)
42	1,001 Home Ideas	1,653,017	6.0
43	Popular Mechanics	1,633,210	(3.3)
44	Woman's World	1,542,582	0.9
45	Outdoor Life	1,506,944	(0.4)
46	The Elks Magazine	1,459,251	(2.6)
47	Boys' Life	1,434,486	(0.4)
48	Sunset	1,401,922	0.2
49	The American Rifleman	1,398,666	(1.5)
50	Soap Opera Digest	1,388,930	15.2
51	Bon Appetit	1,371,084	1.6
52	Golf Digest	1,357,087	1.0
53	New Woman	1,353,373	1.1
54	US	1,326,870	(1.1)
55	Globe	1,315,106	(6.3)
56	The American Hunter	1,284,762	(9.0)
57	Sesame Street Magazine	1,271,403	4.6
58	The Workbasket	1,242,486	(4.9)
59	Vogue	1,219,958	(3.3)
60	Home Mechanix	1,204,213	(1.4)
61	Changing Times	1,180,157	10.8
62	Rolling Stone	1,179,074	(1.3)
63	Self	1,173,682	0.0
64	Teen	1,163,522	12.4
65	Mademoiselle	1,119,142	(1.9)
66	Travel & Leisure	1,117,701	0.6
67	Discover	1,095,232	6.6
68	Golf Magazine	1,059,354	3.1
69	Organic Gardening	1,035,014	(1.8)
70	Business Week (Worldwide)	1,020,371	1.8
71	Yankee	1,007,336	0.6
72	Weight Watchers Magazine	1,002,335	(3.4)
73	Popular Photography	1,001,726	38.1
74	YM	1,000,133	11.1
75	Scouting	975,927	1.2
76	True Story	974,515	(21.4)
77	Country Home	971,126	(0.1)
78	Sport	941,071	(5.5)
79	House Beautiful	932,377	3.4
80	Jet	931,469	0.4
81	Home	925,605	(1.8)
82	Omni	925,114	2.5
83	Car & Driver	915,504	(1.3)
84	Hot Rod	904,696	0.8
85	National Examiner	892,498	(13.0)
86	Workbench	882,070	0.8
87	Cooking Light	870,845	22.3
88	Consumers Digest	858,841	1.7
89	Nation's Business	858,089	0.1
90	Essence	850,099	0.0
91	Motor Trend	842,836	8.9
92	Health	841,306	(16.5)
93	Elle	838,007	0.0
94	Food & Wine	821,380	0.5
95	Gourmet	804,748	2.8
96	Fortune (Worldwide)	794,380	1.5
97	Vista USA	792,288	9.8
98	Victoria	780,854	(2.4)
99	Weekly World News	764,588	(15.4)
100	Homeowner	758,319	2.1
101	Conde Nast Traveler	756,949	8.3
102	Practical Homeowner	750,769	1.6
103	Tennis	749,783	39.8
104	Vanity Fair	749,066	9.5
105	Endless Vacation	743,181	11.6
106	Forbes	741,634	0.2
107	Esquire	740,656	(0.7)
108	The Sporting News	727,568	(0.2)
109	Shape Magazine	726,359	(8.6)
110	Traveler	725,923	(4.4)
111	VFW Auxiliary Magazine	718,954	0.5
112	Harper's Bazaar	705,036	(0.7)
113	Mother Earth News	703,153	(1.2)
114	Road & Track	702,548	0.3
115	Metropolitan Home	701,015	(1.6)
116	GQ	673,408	(2.1)
117	Inside Sports	662,743	15.2
118	Scientific American	639,021	0.1
119	Guns & Ammo	632,784	6.2
120	Architectural Digest	632,302	(0.7)
121	The New Yorker	623,229	2.5
122	Muscle & Fitness	622,952	(0.6)
123	HG-House & Garden	619,920	5.2
124	Decorating Remodeling	618,046	12.4
125	Stereo Review	609,885	20.3
126	Midwest Living	605,780	13.7
127	New Choices	594,807	6.9
128	Flower & Garden Magazine	591,618	(3.0)
129	Woman	582,070	12.8
130	Colonial Homes	580,714	(3.4)
131	The Saturday Evening Post	570,336	(0.1)
132	Parenting	568,215	32.8
133	Travel-Holiday	553,987	(28.0)
134	Basemaster Magazine	533,444	0.7
135	The Rotarian	530,183	1.1
136	Natural History	518,569	1.1
137	Sports Afield	513,818	(1.9)
138	World Tennis	511,885	1.8
139	PC/Computing	506,490	19.4
140	Financial World	500,455	25.0
141	In Health	480,221	33.6
142	Country Music	467,446	7.0
143	Golf Illustrated	466,809	11.4
144	The Atlantic	464,870	(1.0)
145	Insight	463,087	f.a.
146	Car Craft	456,286	3.8
147	Lear's	453,094	22.5
148	Savvy Woman	451,933	10.9
149	Grit	451,588	(19.5)
150	Audubon	447,775	3.1
151	Premiere	446,907	16.5
152	Sierra	441,990	10.8
153	3-2-1 Contact	441,535	(0.1)
154	Ski Magazine	441,172	(1.3)
155	Skiing	440,476	0.0
156	Pillsbury Classic Cookbooks	438,966	9.1
157	Runner's World	438,269	0.8
158	New York Magazine	437,412	2.5
159	Sun	430,735	(3.6)
160	Automobile	428,415	29.0
161	Bride's	425,340	(11.3)
162	Town & Country	424,326	1.8
163	The Walking Magazine	423,946	12.1
164	Alfred Hitchcock & Ellery Queen	412,658	(5.7)
165	WWF Magazine	389,078	27.2
166	Bicycling	385,530	20.0
167	Capper's	383,436	0.1
168	Game & Fish Magazine	376,131	(3.3)
169	Home Office Computing	375,168	(3.4)
170	European Travel & Life	372,846	15.0
171	Gallery	362,713	0.0
172	Petersen's 4 Wheel & Off-Road	357,207	6.3
173	Four Wheeler	355,486	13.9
174	California Magazine	353,652	(1.9)
175	Crafts	352,411	(6.1)
176	The In-Fisherman	338,344	17.2
177	Petersen's Hunting	336,035	(0.3)
178	Cycle	333,423	4.7
179	Carolina Country	333,309	(4.8)
180	Entrepreneur Magazine	332,170	7.9
181	Satellite Orbit	328,888	(3.9)
182	Kid City	327,846	8.0
183	Computer Shopper	326,640	15.6
184	Connoisseur	325,373	(2.2)
185	Outside	325,120	7.1
186	The Tennessee Magazine	321,981	2.2
187	Flying	321,801	0.4
188	Easyriders	321,566	(1.8)
189	Air & Space/Smithsonian	316,788	1.4
190	Crafts 'n Things	309,135	(10.6)
191	TV Crosswords	306,800	(14.9)
192	Modern Bride	306,397	(22.7)
193	Texas Monthly	305,404	1.5
194	Trailer Life	304,486	(8.4)
195	Hadassah Magazine	295,347	(7.2)
196	Learning '90	295,169	(0.2)
197	Teen Beat	292,492	92.0
198	American Heritage	290,409	4.8
199	Country Journal	288,333	(14.8)
200	The Kiwanis Magazine	283,029	0.9

THE TOP 200 BRANDS

Automobiles and food pace category spending in Ad Age look at first-quarter 1990 spending

AT&T outspends other big brands

By R. Craig Endicott

If Bo can do it better, so can Ma Bell.

AT&T Co. not only outspent all other brands in major media during the first quarter of 1990 but used the omnipresent Bo Jackson to do it.

Ad spending by the telecommunication giant rose to $103.8 million, up 25.8% from the previous year's first quarter, as it replaced McDonald's Corp. as No. 1.

McDonald's restaurant spending dipped 1.7% to $92.8 million as it slipped to third behind Kellogg brands at $93.6 million, up 4.5%.

Media totals for *Advertising Age's* quarterly report on the nation's top 200 brands are derived from nine-media composites provided by LNA/Arbitron Multi-Media Service. They accounted for $3.6 billion in advertising, up 15.6%, while advertising for all other brands (39,000) tracked by LNA dropped 3.6%.

Mr. Jackson, pressed into pushing discount calling for AT&T's "Reach Out America" network TV campaign that broke in late February, was only one of the reasons the AT&T "brand" took off.

AT&T also apologized to the nation with copious ads following its mid-January breakdown in national phone service; it introduced the Universal card in late March on the Academy Awards telecast; it shot comparative salvos at its rivals in an "Aren't you glad you never left?" campaign.

In addition, AT&T set the stage for heavy spending by all long-distance carriers. Earlier this month, US Sprint began challenging AT&T's "Get it in writing" line, saying it will put its customer proposals in writing.

In the first quarter, media spending by No. 57 US Sprint leaped 57.5% to $19.7 million, and No. 73 MCI Communications Corp.'s spending rose 18.5% to $15.7 million. The phone category rose 25.9% to $148.1 million.

Automobiles, with ad volume at $792.1 million, emerged as the spending king among the top 200's 31 categories. Food placed a distant second with $419.1 million.

But there's caution in Motor City, as seen by spending totals of General Motors Corp., Ford Motor Co. and Chrysler Corp. Their brand lines totaled $409 million, down 4.4%. That left overall 8.9% auto category growth solely with the imports, whose outlays of $383 million were up 31.6%.

Auto category spending levels brought healthy growth to network TV, the dominant medium among the 200 at $1.64 billion, up 26.4%. The networks accounted for 45% of all top 200 ad volume.

But autos, accounting for 34% of all top 200 spending, weren't as good to spot TV, magazines and newspapers—the next three media in total ad volume, respectively.

Autos, the lead category in spot TV and magazines, dropped 8.4% and 10%, respectively, in dollar volume as total spending by the 200 rose 8.1% in spot and dipped a faint 0.6% in magazines. Fourth largest category in newspapers among the 200, autos dropped 7.5% in ad volume. Total 200 spending in the medium slipped 0.5%.

Automotive ad largess went to high-growth media, syndicated TV and cable TV. Syndication rose 72.8% to $197.9 million as the auto category increased 183.9% to $24.7 million. Cable TV rose 33.7% to $109.9 million as auto spending led all other categories with a 28% boost to $18.7 million.

Spending by the 23 food brands on the chart rose 16.7%, with virtually all this dollar growth going to broadcast: Food ad volume hit $242.8 million on network, up 23.2%; $61.8 million on spot, up 26%; and $59.7 million in syndication, up 28.4%.

Restaurants, third largest category at $268.7 million for 10 brands, rose 12.4%, most of its growth in spot TV and syndication. Volume leader network TV's food revenue declined 0.5%, but the nets still accounted for half the dollar volume.

The retail non-food category, fourth largest in 200 ad volume, dictated the fortunes of national newspaper advertising. While the category showed only a 1.5% gain to $257.4 million, retail non-food advertising in newspapers declined 3.6% to $138.4 million, representing 53.7% of all newspaper spending by the 200.

Procter & Gamble Co. and Philip Morris Cos. hold the most brand positions on the list, each claiming 10. P&G's $132 million total for a wide range of brands placed it third behind No. 1 General Motors Corp.'s $211 million from seven brands and Philip Morris Cos.' $206.8 million.

As a brand "parent," P&G moved up from sixth in 1989 as GM and Philip Morris retained their positions.

Among the top 25 brands, the biggest quarterly leaps were by No. 14 Chrysler cars, up from No. 24 a year ago based on its 49.2% advertising boost to $42.4 million. This was largely from new spending on Chrysler New Yorker Fifth Avenue and a hike of $11.6 million on Chrysler passenger cars overall.

Johnson & Johnson's Tylenol line rose to 19th from 27th, based largely on a $6 million hike on Tylenol Extra Strength Caplets and $3 million on Tylenol Cold Medication. Tylenol advanced 31.2% to $34.4 million.

Miller beers, collectively, rose to No. 22 from No. 48 a year ago thanks to new spending behind Miller Genuine Draft ($9 million) vs. a negligible amount in 1989, and Miller Lite ($6 million more). The total Miller brand ad volume of $31.5 million was up 64.8%.

The biggest spending exodus from the top 25 was Ford Motor Co.'s Mercury, now No. 119 with ad volume at $10.6 million, a 62.8% plunge. In '89, it was No. 23.

Philip Morris' Post cereals dropped 26.4% in spending to $25.3 million, falling to No. 35 vs. No. 18 last year.

Ad volume for Marlboro cigarettes, a Philip Morris brand, fell 27.4% to $21 million, dropping it to No. 48 from No. 22 a year ago.

The top 200, accounting for 40.5% of ad spending tracked by LNA for the 39,000 brands it monitored in the quarter, represented the bulk of advertising in network, spot, syndicated and cable TV, and Sunday magazines—all media that show more dramatic growth in the 200 universe than the 39,000. □

Top 10 parent companies of brands in top 200

Rank	Company	Measured ad spending in first quarter 1990	1989	% chg	First quarter 1990 spending by media Print	Broadcast	Outdoor	Number of brands
1	General Motors Corp.	$211.0	$212.0	(0.4)	$46.6	$163.8	$0.7	7
2	Philip Morris Cos.	206.8	170.7	21.2	36.3	157.1	13.4	10
3	Procter & Gamble Co.	132.0	96.7	36.5	16.0	115.9	0.0	10
4	PepsiCo	122.5	95.6	28.2	3.1	118.6	0.8	5
5	Sears, Roebuck & Co.	111.3	99.4	12.0	30.8	80.4	0.2	3
6	Chrysler Corp.	106.9	102.3	4.5	27.9	78.7	0.3	5
7	AT&T Co.	103.8	82.5	25.8	24.0	79.6	0.1	1
8	Kellogg Co.	93.6	89.6	4.5	2.2	91.4	0.0	1
9	McDonald's Corp.	92.8	94.4	(1.7)	0.2	91.3	1.3	1
10	Ford Motor Co.	91.1	113.5	(19.8)	35.0	55.5	0.5	3

Notes: Dollars are in millions. Totals include only brands from within the top 200. Source: LNA/Arbitron Multi-Media Service

Top 10 categories among top 200 brands

Rank	Category	Measured ad spending 1990	1989	% chg	First quarter 1990 spending by media Print	Broadcast	Outdoor	Number of brands
1	Automotive	$792.1	$727.7	8.9	$204.3	$585.7	$2.2	30
2	Food	419.1	359.2	16.7	35.8	383.0	0.3	23
3	Restaurants	268.7	239.2	12.4	2.5	263.5	2.7	10
4	Retail, nonfood	257.4	253.6	1.5	151.4	105.9	0.1	12
5	Pharmaceuticals, drugs	162.3	107.5	51.0	11.5	150.8	0.0	12
6	Toiletries, cosmetics	162.0	129.4	25.1	40.4	121.6	0.0	13
7	Telephone	148.1	117.6	25.9	32.5	115.5	0.2	4
8	Movies	137.1	111.4	23.1	41.0	95.3	0.8	8
9	Airline	130.4	118.2	10.3	64.3	64.8	1.3	8
10	Beer	109.6	98.6	11.2	4.8	103.8	1.0	4

Notes: Dollars are in millions. Totals include only brands from within the top 200 for first quarter 1990. Source: LNA/Arbitron Multi-Media Service

Measured ad spending by media for 200 brands

Rank	Media	First quarter spending: top 200 brands 1990	1989	% chg	All measured brands 1990	1989	% chg
1	Network TV	$1,640.1	$1,297.1	26.4	$2,574.8	$2,266.8	13.6
2	Spot TV	661.7	612.2	8.1	2,007.7	1,964.7	2.2
3	Magazine	496.5	499.7	(0.6)	1,445.4	1,439.3	0.4
4	Newspaper	368.5	370.3	(0.5)	1,849.4	2,016.2	(8.3)
5	Syndicated TV	197.9	114.5	72.8	351.0	266.0	32.0
6	Cable TV networks	109.9	82.2	33.7	253.6	215.4	17.7
7	Network radio	76.0	78.4	(3.1)	174.1	152.7	14.0
8	Outdoor	37.4	35.8	4.5	143.1	175.3	(18.4)
9	Sunday magazine	34.8	43.7	(20.5)	151.0	161.8	(6.7)
	Subtotal print media	899.8	913.7	(1.5)	3,445.7	3,517.2	(4.7)
	Subtotal broadcast media	2,685.5	2,184.4	22.9	5,361.2	4,865.6	10.2
	Total nine media	3,622.6	3,133.9	15.6	8,950.0	8,658.1	3.4

Notes: Dollars are in millions. Source: LNA/Arbitron Multi-Media Service

Ad chart: Kevin Brown

What constitutes a brand: Part 2

A "brand" is every product or service marketed under the same name.

For *Ad Age's* first-quarter brand rankings, the definition of a brand has been expanded to include ad expenditures for all products and services using the same name regardless of Publishers Information Bureau classification.

In the previous report on total 1989 spending by the top 200 brands (AA, May 21), brand totals could come from only one class.

For example, Kraft's cheeses, prepared dinners and salad dressings, fitting in several subclasses, all have been folded into a total to put Kraft foods at No. 10 in the brand ranking. The previous listing separated Kraft products because they were in different subclasses.

This change in methodology shows the power of brand identity, which doesn't necessarily stop at the subclass level.

The definition includes some gray areas. Should the Prudential brand identity extend to Prudential-Bache? For this tabulation, the two are kept separate, mainly because the name and image of the latter are related to financial services; the former name clearly means insurance.

Are Nestle, Nescafe and Nestea one megabrand or three separate brands? We chose three, mainly because Nestle chose to apply hybrid versions of its name in creating brands. □

Top 200 mega-brands by first-quarter ad spending

Rank '90	Rank '89	Brand, product, service & parent company	Total measured ad spending 1990	1989	% chg
1	3	**AT&T Co.**, AT&T Co.	$103,761.0	$82,482.4	25.8
2	2	**Kellogg's products**, Kellogg Co.	93,580.5	89,576.7	4.5
3	1	**McDonald's restaurants**, McDonald's Corp.	92,793.7	94,361.1	(1.7)
4	4	**Sears, Roebuck & Co. stores**, Sears, Roebuck & Co.	84,926.5	80,707.0	5.2
5	6	**Chevrolet cars & trucks**, General Motors Corp.	68,742.4	74,362.5	(7.6)
6	5	**Ford cars & trucks**, Ford Motor Co.	65,488.0	77,094.2	(15.1)
7	8	**Toyota cars & trucks**, Toyota Motor Corp.	61,298.1	47,343.9	29.5
8	9	**Nissan cars & trucks**, Nissan Motor Co.	56,396.6	43,475.9	29.7
9	7	**American Express services**, American Express Co.	50,465.2	51,574.5	(2.2)
10	16	**Kraft foods**, Philip Morris Cos.	50,054.2	34,715.9	44.2
11	12	**Pepsi beverages**, PepsiCo	48,027.0	38,192.9	25.7
12	17	**Budweiser beers**, Anheuser-Busch Cos.	46,165.5	34,427.8	34.1
13	11	**Coca-Cola beverages**, Coca-Cola Co.	42,472.0	39,611.1	7.2
14	24	**Chrysler cars**, Chrysler Corp.	42,379.8	28,404.2	49.2
15	26	**Mazda cars & trucks**, Mazda Motor Corp.	40,478.6	26,621.2	52.1
16	19	**Honda cars & motorcycles**, Honda Motor Co.	38,996.3	32,911.4	18.5
17	14	**Burger King restaurants**, Grand Metropolitan	37,591.6	36,586.5	2.7
18	13	**Oldsmobile cars**, General Motors Corp.	34,718.3	37,875.0	(8.3)
19	27	**Tylenol remedies**, Johnson & Johnson	34,452.1	26,266.9	31.2
20	10	**Dodge cars & trucks**, Chrysler Corp.	34,002.0	40,606.3	(16.3)
21	21	**Warner entertainment**, Time-Warner	32,067.2	29,663.5	8.1
22	48	**Miller beers**, Philip Morris Cos.	31,490.6	19,109.8	64.8
23	15	**Macy's stores**, R.H. Macy Co.	30,875.8	35,967.9	(14.2)
24	20	**Pontiac cars & trucks**, General Motors Corp.	29,846.4	30,484.9	(2.1)
25	29	**Buick cars**, General Motors Corp.	28,754.9	25,480.0	12.9
26	37	**Pizza Hut restaurants**, PepsiCo	27,518.5	22,416.4	22.8
27	50	**Folgers coffees**, Procter & Gamble Co.	26,943.9	18,646.5	44.5
28	199	**Ultra Slim-Fast**, Thompson Medical Co.	26,941.5	71.4	37,633.2
29	114	**Nike shoes & sportswear**, Nike Inc.	26,643.6	10,110.1	163.5
30	43	**United Airlines**, UAL Corp.	26,302.3	19,829.2	32.6
31	40	**Campbell soups & other products**, Campbell Soup Co.	26,259.7	21,611.8	21.5
32	31	**American Airlines**, AMR Corp.	26,072.1	23,638.4	10.3
33	71	**Gillette toiletries**, Gillette Co.	25,680.2	14,382.7	78.5
34	75	**Volkswagen cars & trucks**, Volkswagen AG	25,327.8	13,857.9	82.8
35	18	**Post cereals**, Philip Morris Cos.	25,266.2	34,310.0	(26.4)
36	53	**Disney entertainment**, Walt Disney Co.	24,502.6	17,513.5	39.9
37	41	**Columbia pictures, records, tapes**, Sony Corp.	24,449.7	21,383.1	14.3
38	51	**Delta Air Lines**, Delta Air Lines	23,621.0	18,331.0	28.9
39	39	**Time-Life books, videos, records**, Time Warner	23,614.4	21,936.1	7.7
40	35	**Coors beer, water**, Adolph Coors Co.	23,331.8	22,553.2	3.5
41	61	**Maxwell House coffees**, Philip Morris Cos.	22,655.2	15,739.8	43.9
42	64	**Universal Pictures entertainment**, MCA Inc.	22,339.8	15,040.8	48.5
43	58	**Stouffer foods, restaurants, hotels**, Nestle SA	21,821.7	16,506.2	32.2
44	62	**Hershey foods**, Hershey Foods Corp.	21,488.5	15,633.9	37.4
45	25	**Subaru cars**, Subaru of America	21,350.9	28,342.9	(24.7)
46	33	**Nabisco foods**, RJR Nabisco	21,283.1	23,495.1	(9.4)
47	42	**Penney's stores**, J.C. Penney Co.	21,224.0	20,792.3	2.1
48	22	**Marlboro cigarettes**, Philip Morris Cos.	20,976.9	28,903.4	(27.4)
49	99	**Paramount entertainment**, Paramount Communications	20,917.9	11,509.5	81.7
50	44	**Kentucky Fried Chicken restaurants**, PepsiCo Inc.	20,694.6	19,669.8	5.2
51	84	**Dominos Pizza**, Dominos Pizza Inc.	20,691.4	12,717.9	62.7
52	196	**Lexus cars**, Toyota Motor Corp.	20,591.8	333.1	6,081.9
53	32	**Wrigley gums**, Wm. Wrigley Jr. Co.	20,489.6	23,523.9	(12.9)
54	69	**Mercedes-Benz cars**, Daimler-Benz AG	20,386.3	14,452.2	41.1
55	38	**Weight Watchers products & services**, H.J. Heinz Co.	20,149.8	22,176.8	(9.1)
56	47	**Touchstone entertainment**, Walt Disney Co.	19,975.5	19,119.9	4.5
57	86	**US Sprint telephone services**, United Telecommunications	19,654.9	12,478.6	57.5
58	34	**K mart stores**, K mart Corp.	19,626.9	22,836.6	(14.1)
59	46	**General Motors cars, parts, corporate**, General Motors Corp.	19,418.3	19,579.3	(0.8)
60	59	**Montgomery Ward**, Montgomery Ward & Co.	18,695.3	16,377.9	14.1
61	63	**Clairol hair products**, Bristol-Myers Squibb	18,434.4	15,412.8	19.6
62	164	**Jell-O gelatins & puddings**, Philip Morris Cos.	18,348.9	6,464.9	183.8
63	105	**Quaker foods**, Quaker Oats Co.	18,285.6	11,171.3	63.7
64	49	**Mitsubishi cars & trucks**, Mitsubishi Motors Corp.	18,276.8	18,656.5	(2.0)
65	73	**Cheerios cereal**, General Mills	18,144.2	13,981.7	29.8
66	60	**U.S. Army**, U.S. Government	17,863.9	16,171.6	10.5
67	57	**Wendy's restaurants**, Wendy's International	17,778.1	16,711.3	6.4
68	125	**Advil & Coadvil remedies**, American Home Products Corp.	17,615.6	8,915.6	97.6
69	30	**Hyundai cars**, Hyundai Group	17,052.2	25,458.4	(33.0)
70	56	**Acura cars**, Honda Motor Co.	16,885.9	16,937.9	(0.3)
71	77	**Geo cars & trucks**, General Motors Corp.	15,731.1	13,619.2	15.5
72	104	**Taco Bell restaurants**, PepsiCo	15,696.6	11,229.1	39.8
73	80	**MCI Communications**, MCI Communications Corp.	15,651.3	13,206.3	18.5
74	70	**United Parcel Service**, United Parcel Service of America	15,582.3	14,428.3	8.0
75	106	**Nyquil cold products**, Procter & Gamble Co.	15,450.8	11,098.3	39.2
76	67	**Circuit City stereo stores**, Circuit City Stores	15,407.6	14,902.4	3.4
77	68	**Alka-Seltzer remedies**, Bayer AG	15,301.1	14,794.0	3.4
78	85	**Pan Am Airlines**, Pan American World Airways	15,118.2	12,690.8	19.1
79	92	**Red Lobster Inns restaurants**, General Mills	14,954.9	11,901.7	25.7
80	146	**Lincoln cars**, Ford Motor Co.	14,924.4	7,747.9	92.6
81	118	**Allstate insurance**, Sears, Roebuck & Co.	14,867.7	9,916.1	49.9
82	78	**Du Pont products**, E.I. du Pont de Nemours	14,691.4	13,468.8	9.1
83	97	**May Co. stores**, May Department Stores Co.	14,586.8	11,609.8	25.6
84	110	**L'Oreal cosmetics**, Nestle SA	14,477.7	10,710.4	35.2
85	153	**Royal Caribbean Cruise Line**, Royal Caribbean Cruise Line	14,167.5	7,075.5	100.2
86	28	**Franklin Mint collectibles**, Franklin Mint	14,158.9	25,945.1	(45.4)
87	55	**Hallmark products**, Hallmark Cards	14,141.4	17,185.2	(17.7)
88	152	**Sport Illustrated magazine, videos**, Time Warner	14,129.5	7,132.1	98.1
89	82	**Tri-Star Pictures**, Sony Corp.	13,965.4	12,906.9	8.2
90	162	**Vicks remedies, ointments**, Procter & Gamble Co.	13,914.3	6,590.4	111.1
91	113	**Cadillac cars**, General Motors Corp.	13,827.0	10,579.4	30.7
92	111	**Citibank services**, Citicorp	13,470.8	10,705.2	25.8
93	93	**Cover Girl cosmetics**, Procter & Gamble Co.	13,172.3	11,859.4	11.1
94	66	**CBS TV & radio**, CBS Inc.	13,133.8	15,005.3	(12.5)
95	107	**Isuzu cars & trucks**, Isuzu Ltd.	13,112.7	11,067.7	18.5
96	102	**Broadway Department Store**, Carter Hawley Hale Stores	13,067.4	11,379.6	14.8
97	94	**BMW cars, BMW AG**	13,048.6	11,720.8	11.3
98	87	**Vaseline creams, ointments**, Unilever PLC	12,708.4	12,434.3	2.2
99	95	**Tide products**, Procter & Gamble Co.	12,635.8	11,683.2	8.1
100	108	**Goodyear tires & services**, Goodyear Tire & Rubber Co.	12,521.5	11,058.8	13.2
101	169	**Ocean Spray beverages & sauces**, Ocean Spray Cranberries	$12,271.3	$6,071.5	102.1
102	91	**Revlon products**, Revlon Group	12,051.1	11,938.0	0.9
103	81	**Plymouth cars & trucks**, Chrysler Corp.	12,026.2	13,066.9	(8.0)
104	159	**Head & Shoulders shampoos**, Procter & Gamble Co.	11,821.5	6,812.0	73.5
105	79	**Highland Superstores**, Highland Superstores	11,795.6	13,443.4	(12.3)
106	139	**Northwest Airlines**, NWA Inc.	11,746.8	8,295.2	41.6
107	74	**CBS records, tapes, videos**, Sony Corp.	11,681.4	13,939.0	(16.2)
108	72	**Newport cigarettes**, Loews Corp.	11,639.6	14,293.2	(18.6)
109	178	**Little Caesar's restaurants**, Little Caesar's Enterprises	11,589.4	4,795.0	141.7
110	129	**Discover credit card service**, Sears, Roebuck & Co.	11,522.9	8,766.4	31.4
111	157	**Home Box Office**, Time Warner	11,313.7	6,877.8	64.5
112	137	**Audi cars**, Volkswagen AG	11,310.4	8,353.2	35.4
113	166	**Nutri/System weight loss centers**, Nutri/System Inc.	11,039.0	6,159.6	79.2
114	193	**Theraflu hot medicine**, Sandoz Ltd.	10,975.3	2,383.6	360.5
115	76	**Trans World Airlines**, Trans World Airlines	10,911.6	13,764.1	(20.7)
116	141	**Century 21 real estate**, Metropolitan Life Insurance Co.	10,818.6	8,173.4	32.4
117	190	**Visa credit card services**, Visa International	10,806.9	3,249.1	232.6
118	98	**20th Century-Fox movies**, News Corp.	10,708.6	11,520.3	(7.0)
119	23	**Mercury cars**, Ford Motor Co.	10,648.4	28,661.2	(62.8)
120	131	**ABC TV & radio**, Capital Cities/ABC	10,608.7	8,623.4	23.0
121	184	**Frito snacks**, PepsiCo	10,565.4	4,060.9	160.2
122	119	**Lucky food stores**, American Stores Co.	10,545.2	9,731.2	8.4
123	103	**Crest toothpaste**, Procter & Gamble Co.	10,530.2	11,266.5	(6.5)
124	121	**Betty Crocker food products**, General Mills	10,476.1	9,511.3	10.1
125	158	**Virginia Slims cigarettes**, Philip Morris Cos.	10,381.1	6,877.5	50.9
126	198	**New York Life Insurance Co.**, New York Life Insurance Co.	10,163.1	172.8	5,781.4
127	115	**Oil of Olay creams & lotions**, Procter & Gamble Co.	10,150.3	10,099.8	0.5
128	175	**Pearle Vision Centers**, Grand Metropolitan	10,113.0	5,236.6	93.1
129	117	**Midas Muffler shops**, Whitman Corp.	10,084.4	9,988.6	1.0
130	83	**Merit cigarettes**, Philip Morris Cos.	10,011.8	12,902.2	(22.4)
131	138	**Lysol cleaners**, Eastman Kodak Co.	9,950.8	8,337.4	19.4
132	124	**Estee Lauder products**, Estee Lauder Inc.	9,917.3	9,317.3	6.4
133	170	**Robitussin cough products**, American Home Products Corp.	9,827.6	5,915.6	66.1
134	112	**NBC TV network**, General Electric Co.	9,799.3	10,607.5	(7.6)
135	147	**Clorox products**, Clorox Co.	9,723.8	7,713.8	26.1
136	90	**Total cereal**, General Mills	9,722.7	12,044.8	(19.3)
137	96	**Maybelline cosmetics**, Wasserstein Perrela & Partners	9,643.0	11,665.5	(17.3)
138	145	**Radio Shack electronics stores**, Tandy Corp.	9,607.9	8,035.4	19.6
139	168	**Amtrak**, U.S. Government	9,518.4	6,089.0	56.3
140	135	**H&R Block tax services**, H&R Block Inc.	9,456.1	8,436.3	12.1
141	127	**Hardee's restaurants**, Imasco Ltd.	9,432.4	8,802.7	7.2
142	100	**IBM computers, products**, IBM Corp.	9,364.1	11,488.1	(18.5)
143	54	**Purina pet foods**, Ralston Purina	9,341.9	17,486.0	(46.6)
144	192	**Dreyfus funds**, Dreyfus Corp.	9,285.0	2,849.5	225.8
145	128	**Jeep trucks & vans**, Chrysler Corp.	9,272.7	8,793.5	5.4
146	101	**Eagle cars**, Chrysler Corp.	9,225.8	11,400.1	(19.1)
147	45	**Nestle products**, Nestle	9,183.6	19,627.5	(53.2)
148	89	**7UP beverages**, Dr Pepper/Seven-Up	9,176.7	12,054.7	(23.9)
149	165	**Nexxus hair products**, Nexxus Products Co.	9,154.3	6,346.0	44.3
150	122	**GTE Telephone Co.**, GTE Telephone Co.	9,079.4	9,472.8	(4.2)
151	132	**General Foods International Coffee**, Philip Morris Cos.	9,044.2	8,539.0	5.9
152	161	**State Farm insurance**, State Farm Auto. Ins. Co.	9,044.1	6,616.4	36.7
153	143	**Keebler food products**, United Biscuits (Holdings) PLC	9,034.1	8,144.8	10.9
154	182	**Marriott hotels, real estate**, Marriott Corp.	9,009.0	4,295.0	109.8
155	109	**MGM/UA entertainment**, MGM/UA Communications Co.	8,981.3	10,993.3	(18.3)
156	179	**MasterCard credit card services**, MasterCard International	8,970.8	4,653.5	92.8
157	176	**Dr Pepper beverages**, Dr Pepper/Seven-Up	8,936.9	5,102.7	75.1
158	130	**Kroger food stores**, Kroger Co.	8,908.6	8,709.8	2.3
159	120	**Magnavox electronic products**, Philips NV	8,903.8	9,571.2	(7.0)
160	186	**Cheer products**, Procter & Gamble Co.	8,866.5	3,601.3	146.2
161	123	**True Value stores**, Cotter & Co.	8,852.2	9,423.6	(6.1)
162	172	**Apple computers**, Apple Computer	8,813.1	5,777.2	52.5
163	142	**L'eggs hosiery**, Sara Lee Corp.	8,766.8	8,154.6	7.5
164	156	**Camel cigarettes**, RJR Nabisco	8,745.0	6,934.5	26.1
165	144	**Walgreen drugstores**, Walgreen Co.	8,730.1	8,101.0	7.8
166	52	**Eastern Air Lines**, Continental Airlines Holdings	8,718.5	18,178.4	(52.0)
167	126	**Holiday Inns hotels**, Bass PLC	8,695.5	8,871.1	(2.0)
168	167	**Alpo pet food**, Grand Metropolitan	8,675.3	6,099.4	42.2
169	36	**Michelob beer**, Anheuser-Busch Cos.	8,660.1	22,473.3	(61.5)
170	195	**Infiniti cars**, Nissan Motor Co.	8,620.2	433.2	1,889.9
171	191	**Oscar Mayer foods**, Philip Morris Cos.	8,618.5	3,142.3	174.3
172	150	**Merrill Lynch**, Merrill Lynch & Co.	8,551.2	7,315.7	16.9
173	185	**Ragu sauces**, Unilever	8,519.0	3,793.1	124.6
174	177	**Ivory products**, Procter & Gamble Co.	8,511.2	5,065.7	68.0
175	136	**Safeway food stores**, Safeway Stores	8,465.0	8,367.5	1.2
176	180	**Close-Up toothpaste**, Unilever	8,426.1	4,548.4	85.3
177	151	**Lens Crafters opticians stores**, U.S. Shoe Corp.	8,393.1	7,247.4	15.8
178	188	**Reebok shoes & sportswear**, Reebok International	8,348.6	3,407.6	145.0
179		**Motrin IB pain reliever**, Upjohn Co.	8,347.0	0.0	
180	160	**Carnival Cruise Lines**, Carnival Cruise Lines	8,301.1	6,786.9	22.3
181	174	**Pillsbury foods**, Grand Metropolitan	8,229.2	5,249.7	56.8
182	173	**Hormel foods**, Geo. A. Hormel & Co.	8,160.5	5,391.5	51.4
183	194	**New Line Cinema entertainment**, New Line Cinema Corp.	8,148.0	615.9	1,222.9
184	88	**Hanes underclothing**, Sara Lee Corp.	8,135.7	12,275.7	(33.7)
185	134	**Vons food stores**, Vons Cos.	8,128.5	8,453.3	(3.8)
186	197	**Norelco shavers, business machines**, Philips NV	8,013.4	188.8	4,144.4
187	181	**Benadryl medicines & creams**, Warner-Lambert Co.	7,986.8	4,340.6	84.0
188	183	**Chef Boy-Ar-Dee foods**, American Home Products Corp.	7,955.2	4,165.8	91.0
189	149	**Giant food stores**, Ahold International	7,904.1	7,414.8	6.6
190	140	**Triaminic cold products**, Sandoz Ltd.	7,303.7	8,249.5	(4.2)
191	187	**USAir**, USAir Group	7,675.3	3,426.1	129.9
192	116	**Heinz food products**, H.J. Heinz Co.	7,857.1	10,081.9	(22.1)
193	65	**U.S. Postal Service**, U.S. Government	7,852.7	15,038.8	(47.8)
194	133	**Lipton foods**, Unilever	7,820.2	8,502.2	(8.0)
195	189	**U.S. Navy**, U.S. Government	7,777.6	3,382.8	129.9
196	163	**Excedrin pain relievers**, Bristol-Myers Squibb	7,776.8	6,477.3	20.1
197	171	**Levi's sportswear**, Levi Strauss & Co.	7,681.8	5,901.3	30.2
198	155	**BMG music & CD club**, Bertelsmann AG	7,675.0	6,968.6	10.1
199	154	**Canon**, Canon Inc.	7,652.1	7,089.6	8.2
200	148	**Tropicana juices**, Seagram Co.	7,608.9	7,594.6	0.2

Notes: Dollars are in thousands. Measured media spending includes magazine, Sunday magazine, newspaper, network, spot and syndicated TV, cable TV networks, and network radio. Source: LNA/Arbitron Multi-Media Service

Ad chart: Gwen Brown

British promo reign collapses

LONDON—With the failure this month of FKB Group and the takeover earlier this year of KLP Group by Paris-based RSCG Group, the British reign over several top U.S. promotion agencies is coming to an end almost as abruptly as it began.

FKB and KLP arrived on the scene in 1988, gobbling up promotion, direct marketing, graphics and research agencies.

The value of both companies' stock dipped in the wake of lackluster growth and the financial problems of other London-based marketing groups, such as Saatchi & Saatchi Co.

The stock decline made KLP an attractive takeover target, and it was bought by RSCG earlier this year for $54 million (AA, Feb. 5).

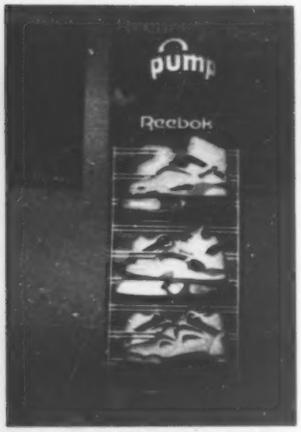
FKB was believed to be negotiating an outright acquisition by Carlson Marketing Group, Minneapolis, but industry observers say the deal fell through because Carlson didn't want to shoulder FKB's heavy debt load. Unable to find an interested investor, FKB went into receivership. Carlson then bought a few FKB agencies it wanted; other agencies were sold back to their management. □

Sun sets on Britons' U.S. promo empire

Of the top 100 U.S. sales promotion agencies, 10 were bought by British owners in the past five years. This year, six changed hands.

U.S. agency	'89 promo revenues*	Bought by	Year	1990 owner
Comart	$18.2	KLP Group	1988	RSCG Group
Einson Freeman	17.0**	WPP Group	1988	same
Sage Worldwide	16.0**	WPP Group	1989	same
Saugatuck	15.8	FKB Group	1988	Carlson Mktg. Group
American Consulting Corp.	13.9	FKB Group	1988	management (pending)
QLM Associates	8.8	FKB Group	1988	management
Promotional Campaigns	5.5	WPP Group	1989	same
Promotion Group	3.3	Doctus	1989	same
Focus Marketing	2.5**	FKB Group	1988	management
Louis London	2.2	FKB Group	1988	management

*Revenues are in millions. **Ad Age estimate. *Source:* Advertising Age



Reebok hopes in-store support will pump up sales.

Reebok displays Pump POP

By Gary Levin

Reebok International is playing harder with promotions.

In its largest in-store merchandising effort to date, Reebok hopes to leverage a major part of its new ad campaign with a "pump station" for the Pump shoe line (AA, July 30).

The inflatable shoe line has basketball, tennis, cross-training, aerobics and children's versions. Reebok is spending $1.5 million for in-store support for the TV and print campaign featuring tennis pro Michael Chang and basketball star Dominique Wilkins of the Atlanta Hawks.

Point-of-purchase displays feature a motorized, louvered poster that alternates among photos of Messrs. Chang and Wilkins and an unidentified cross-training weight lifter. A vertical display, fashioned as a gas pump, stocks the Pump lines. The displays will appear in Foot Locker, Lady Foot Locker and J.C. Penney Co. stores among others.

In-store promotions planned for the holiday season include possible sports personality appearances as well as banners and other collateral using the new theme "It's time to play."

Hill, Holliday, Connors, Cosmopulos, Boston, handles Reebok advertising. Christopher Vincent Inc., New York, handles in-store support. □

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Consumers shaken

(Continued from Page 1)

Houston, shows a cobra labeled "foreign oil" above the headline, "Dangerously unpredictable."

In Minneapolis, a new Metropolitan Transit Commission print ad pictures Iraqi President Saddam Hussein under the headline, "Stop pumping him up."

The ad, from Grant & Palombo, Minneapolis, urges people to use the bus or car pools. Copy, in part, says: "It's about time we showed this guy we don't need his oil."

An *Advertising Age* industry-by-industry survey indicates advertisers, agencies and the media think the current crisis will greatly affect marketing:

AUTOMOBILES

Political fallout is expected to hit automobile marketing as car sales plummet.

"The industry is in the tank—the whole industry," said Chrysler Corp. Chairman Lee Iacocca, who blamed fear of a recession brought on by the Middle East situation.

Sales of North American-built new cars and trucks during the first 10 days of August plummeted 18.5% compared to the same period in 1989, according to sales figures from manufacturers.

Mr. Iacocca and other top auto executives believe the new crisis will give political impetus to attempts in Congress to mandate higher fuel economy.

MIDDLE EAST CRISIS

Chrysler and another U.S. automaker, Ford Motor Co., support higher gasoline taxes as an alternative to stricter fuel economy regulations, because they say higher gas prices would provide an incentive for consumers to make fuel economy a higher priority in purchases.

Legislation is pending in both houses of Congress to mandate improved fuel efficiency.

In the short run, domestic companies may need to address consumer perceptions that they still predominantly build gas guzzlers, said Shirley Young, VP-consumer market development at General Motors Corp.

But "Cadillacs today get 24 mpg, which is what subcompacts used to get in the early 1980s," she said.

It's too soon to tell whether there will be a full-scale return to advertising featuring fuel economy ratings.

Chrysler has added a copy line to some of its corporate print ads via Bozell, New York, saying "Chrysler has the highest corporate average fuel economy of any American car company."

Chrysler is considering whether fuel economy should play a more central part in an ad campaign.

Nissan Motor Corp. USA may be the importer best prepared for a gas crunch. This fall, it plans to introduce an all-new Sentra, an entry-level vehicle with the best fuel economy in its fleet.

Toyota Motor Sales USA's new Lexus division has been promoting the fuel efficiency of its flagship LS400 model in print ads since the car was introduced last September. A number of ads from Team One, El Segundo, Calif., claim that "the LS400 is projected to be the only 250-horsepower luxury sedan able to avoid the stigma, as well as the cost, of the U.S. gas guzzler tax."

The U.S. Council for Energy Awareness takes advantage of the crisis to further its agenda. . . .

RESTAURANTS

In the $65 billion quick-service restaurant industry, where nearly half of sales for many top chains come at drive-through windows, an increase in gas prices poses a potentially severe threat.

"We haven't had to boost any prices yet as a result of the oil crisis," said a spokeswoman for Burger King Corp., "and we haven't had reports of traffic declines."

But Burger King and others are watching the numbers for signs of trouble.

"The oil crisis certainly isn't a positive, but right now it's not a major negative," said Ron Paul, president of Technomic Consultants, a restaurant research and consulting company.

"Eating out has become more of a 'nearby' occasion or an 'on the way to another destination' occasion, so there's likely to be less immediate impact," he said.

Rather than drive to restaurants, more consumers might switch to home delivery. But chains that rely on delivery sales, are already feeling the impact of higher gas prices.

"The situation has put some pressure on our costs, but so far it isn't anything that has forced us to take any pricing action," said Mike Raymond, VP-marketing for Domino's Pizza.

One Domino's has already suffered an unexpected side effect. Mr. Raymond said a Domino's franchisee in southern California lost 60 part-time drivers, all U.S. Marines picking up extra money who were shipped out to Saudi Arabia.

"The franchisee took out a classified ad saying, 'World events have forced us to hire more drivers,' " Mr. Raymond said.

RETAILING

Experts say the already-soft retail sales environment may get softer as a result of the crisis.

J.C. Penney Co. is worried after last week reporting a 15% decline in second-quarter earnings, which it attributed to slack consumer demand. Rising gas prices would mean reduced consumer spending power, which would further hurt retailers.

"Looking to the future, one cannot ignore the significant decline in the level of consumer confidence from a year ago," Penney's Chairman William Howell said in a statement. "Adding to the uncertainty of the outlook is the present Mideast crisis and the resulting rising energy prices, which could have a negative effect on consumer spending."

Kurt Barnard, president of *Retail Marketing Report*, said this couldn't have come at a worse time.

"Back-to-school got off to a sluggish start, and [the oil crisis] is only likely to make it worse," he said. "There's still a possibility that things will improve toward the end of the month, but it doesn't look promising right now."

TRAVEL & TOURISM

Despite higher jet-fuel costs, airlines have temporarily abandoned proposed 5.3% fare hikes to match aggressive discounting by Eastern Airlines and Trans World Airlines.

The skirmish aimed at fall leisure travelers set off an air-fare battle among virtually all major carriers.

Eastern is running ads headlined "Beat the fuel price increase. Lock in fall fares as low as $79." Ogilvy & Mather, New York, is the agency.

TWA is using the headline, "TWA puts a hold on inflation by putting this fall on sale," via Young & Rubicam.

"There will be increased competition for full-fare business travelers. . . . in an environment where corporate travel budgets may be cut back because of a recession," said James O'Donnell, marketing consultant and former Continental Airlines executive.

Surprisingly, cruise ship operators appear to be taking higher fuel prices in stride.

They may respond to higher oil prices by hitting customers with a fuel surcharge, such as the approximately $25 fee tacked on to cruise fares during the oil crisis of the early '70s, said William Kyle, a cruise industry consultant in Woodland Hills, Calif.

At that time, the cruise market didn't sink; it merely flattened out. But a fourfold increase in cruise capacity over the past decade, with more ships on the way, raises the stakes.

Auto travel—either by car, truck or recreational vehicle—accounts for the greatest number of trips 100 miles or more from home, according to the U.S. Travel Data Center, and that's been growing.

"We had seen a stronger auto market the last couple of years in terms of growth and passengers traveling," said Suzanne Cook, the center's executive director.

Although gas prices have jumped, as long as prices stay in a range consumers have seen in the past, their auto travel plans won't change, said Barbara Bauerle, public relations director for the American Automobile Association of Colorado.

"Our surveys show if people are going to travel, they will go ahead with their plans regardless of gas prices," she said. "Even though prices have gone up 12¢ [nationally] since Aug. 1, they're still at 1985 pre-Christmas levels."

But "discretionary purchases and travel are very susceptible to further weaknesses in consumer spending," warned Jim Cammisa, publisher of *Travel Industry Indicators*, a newsletter.

John Rutherford, director of public relations for the Orlando (Fla.) Convention & Visitor's Bureau, said that "some visitors at the lower end will not be able to make the trip now—they will not be able to afford the extra $50."

Bern Rotman, director of communications for the New York Department of Economic Development, said Middle East events may benefit some during the six-

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week fall foliage season. Ads will encourage residents to take foliage tours closer to home rather than in New England or neighboring states.

LODGING

Hotel industry officials said they could see few immediate changes coming, though some suggested rising prices could hit them soon.

"We are not frantic, not horrified; but we are concerned," said Ray Lewis, VP-worldwide marketing for Holiday Inns.

He said Holiday Inns will be closely watching gas prices for the next few months with an eye toward evaluating its present mix of business and leisure marketing.

"If there is a full-scale conflict, it would likely result in significantly higher fuel costs, and that could plunge the U.S. and the world into recession," Mr. Lewis said. "If Iraq decides against an invasion [of Saudi Arabia], there is a longer scenario. Gas prices would go higher but not by as much. What will happen depends on how fast they rise and for how long."

Mr. Lewis said a sharp rise would have an immediate effect on leisure travel but a lesser one on business travel.

If there's an economic downturn and gas shortages, Motel 6 expects to see a drop-off in discretionary/leisure travelers but a gain in commercial business travelers.

"The net impact would be even," said Hugh Thrasher, exec VP-marketing and development for Motel 6. "Unfortunately, we would lose some discretionary travelers who can't afford to go see grandmother, but that business would be replaced by the commercial traveler who has to travel but may have to watch expenses even more closely."

MOTION PICTURES

Rising oil prices and gas shortages could increase movie production costs incrementally, but since ticket prices are set by theaters, not the studios, it's unlikely these costs would be passed directly to consumers.

Traditionally, the movie industry has thrived during economic adversity by providing a temporary escape for audiences burdened with financial worries.

But ticket prices have risen in recent years and home video rentals could play a role this time, sources say.

The studios may benefit from people spending vacation time close to home instead of long-distance traveling if airline and gas prices rise significantly.

Variety analyst A.D. Murphy last month revised his summer box office estimate downward, to $1.85 billion for the 15-week summer period, down 9% from 1989's record $2.04 billion summer. But that total would still be the second biggest on record, 9% ahead of 1988.

PACKAGE GOODS

An oil crisis "will have an impact [on food pricing] that's noticeable but not devastating," said Ralph Parlette, agricultural economist with the Food & Drug Administration's economic research service.

Mr. Parlette said the combined costs of processing, delivering and manufacturing food products account for 4.5¢ to 5¢ of every consumer dollar. If oil costs doubled, the rate would rise to 9¢ or 10¢ per consumer dollar going to cover these costs, he said.

As for the major marketers, "We make the kinds of products consumers need through good times and bad," said Procter & Gamble Co. spokeswoman Sydney McHugh.

The nation's soap and detergent marketers appear to be holding the line on price increases, but industry consultant Colin Houston said prices may rise as much as 30% for heavy-duty laundry detergents, light-duty dishwashing liquids and bar soaps.

These products are petrochemical-based and require a high level of energy for production, packaging and transportation, Mr. Houston said.

"Everyone in the industry is uneasy," he said.

Nevertheless, "the overall impact is small," said Bob Murray, corporate communication director for Colgate-Palmolive Co.

Cigarette consumption rises during a recession, said John C. Maxwell Jr., analyst with Wheat, First Securities. But should cash become even tighter for consumers, they could change to low-price smokes. He said value-price cigarettes already account for 18% of the tobacco market, up from 11.4% only two years ago.

PERSONAL COMPUTERS

The advent of home computers,

(Continued on Page 64)

President Bush asked Amoco and other U.S. oil companies to do their fair share regarding gasoline prices as they are affected by the turmoil in the Persian Gulf. Throughout this critical period, Amoco is determined to act reasonably and responsibly.

We support President Bush's efforts to help resolve the Middle East conflict as soon as possible, because no commodity is of greater value to all of us than world peace.

AMOCO

Amoco Oil Company

. . . While Amoco adopts a responsible tone in defending itself against charges of price-gouging.

Driving

(Continued from Page 1)

down on driving.

Nearly one of five adults surveyed (19.4%) said they've already reduced their driving since the Middle East crisis began.

If gas prices stay at the levels they reached in the past two weeks, the determination to cut back on car travel will increase substantially, the survey shows.

GALLUP SURVEY

Amid indications consumers are increasingly pessimistic about the economy and the nation's ability to avoid a recession *(see story below)*, the survey shows how quickly economic reversals can trigger changes in behavior.

Already suffering is non-essential travel for discretionary-spending categories.

The motion picture industry is enjoying robust ticket sales but faces tougher times if gas prices don't decline.

While 12% of those surveyed said they've already cut travel for entertainment, such as going to movies, the theater or sporting events, 38.3% said they expect to cut back in this area over the next few months if gas prices stay high.

The sharpest reduction would come from the entertainment industry's core audience: 46.6% of those ages 18 to 34 said they expect they would cut travel to those destinations.

The $200 billion restaurant industry is at even greater risk.

In last week's poll, 11.3% said they've reduced travel for dining out since the gas price boost. And if prices don't return to their previous levels? Then 42.1% said they would cut travel for that purpose.

Again, expected cutbacks are highest among those ages 18 to 34 (48.3%), the age group on which the restaurant industry most strongly relies for business.

With the summer winding down, the travel and tourism industry enjoyed its heaviest period before the gas crisis hit, and only 8% of the sample said it's reduced vacation travel since the Iraqi invasion.

But if gas prices remain at current levels, the share of respondents expecting to cut back on vacation travel jumped to 39.4%, including at least one-third of all age groups.

Consumers are worried enough by the situation to rethink travel for social outings. Already, 12.4% said they've cut such travel. That more than triples to 42.3% those expecting to cut social travel unless gas prices improve.

Gallup's survey for *Ad Age* was conducted Aug. 15. A random, national selection of 515 persons ages 18 and older was interviewed by phone. The survey has a margin of error of plus or minus 4.4%. □

Awaiting recession

Consumer pessimism is deepening in the wake of the Iraqi invasion of Kuwait and the resulting oil and gas price increases.

Many consumers see a recession on the horizon, according to the Gallup Organization. Of 1,227 adults polled by phone Aug. 9 to 12, 25% said a recession within the next 12 months is very likely; 40% said it's fairly likely.

Similarly, in a telephone poll of 100 Chicagoans conducted by Leo Shapiro & Associates for *Crain's Chicago Business*, 81% of those surveyed said recent events, including the Iraqi invasion, the failure of major savings & loans and President Bush's willingness to consider tax increases, make the chances of a recession more likely.

In last week's Gallup poll, 40% of respondents said they're following news of the Middle East very closely and 43% fairly closely. Those numbers are up sharply from a Gallup poll taken Aug. 3 and 4, immediately after the Iraqi invasion, when 18% said they were very closely following the news and 39% fairly closely.

Between those two pollings the average price of a gallon of unleaded gasoline suddenly increased 17.5¢. And consumers said they're being gouged. Nine of 10 consumers (91%) surveyed by Gallup said they believe price increases are the result of oil companies taking advantage of the situation to increase their profits. Only 5% said the increases were the result of Iraq's invasion of Kuwait.

—*Scott Hume*

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Marketers on alert

(Continued from Page 63)

low-price fax machines and telephone call-forwarding equipment makes working at home now easier for officer employees than it was during the '70s fuel shortage.

But as desirable as "telecommuting" may sound, relatively few workers or companies are prepared to make that leap, cautioned Paul Saffo, a research fellow specializing in information technologies at Institute for the Future, a think tank.

"People aren't going to abandon their cars to their computers in the short term," Mr. Saffo said.

Computer sales could take a hit if businesses and consumers decide to postpone purchases. This could prove troublesome for IBM Corp. and Apple Computer, which are both introducing lower-price machines.

FINANCIAL SERVICES

Financial services companies will feel the pinch of higher fuel prices if corporate profitability suffers.

Cost cutting to meet bottom-line pressures customarily comes right out of the ad budgets of major brokerages and the corporate communications programs of insurance companies.

Bob Coen, senior VP-director of forecasting at McCann-Erickson Worldwide, New York, said that "higher energy costs can work in a lot of ways. While many financial services marketers will suffer from a crimp in corporate profits, you might see some of the companies coming up with new financial products in response to changing investment needs.

MIDDLE EAST CRISIS

"That might require an intensification of information on those new products, which could mean more advertising."

An executive with one of the nation's largest mutual funds companies said he didn't expect development of many new products.

"We've seen an emphasis in advertising switch to money market funds, and energy and gold funds in the past few days," he said.

"There are already enough products out there to suit investors' needs for a time like this," he said.

American Express Co.'s credit card and travel-related services businesses are sensitive to oil price increases and recessionary trends. But Maureen Bailey, the company's VP-public affairs, said "at this time, the situation has had no impact on our advertising plans."

But if tensions escalate, or the economy falls into a recession, "there will be an effect on our advertising, and we continue to evaluate that situation carefully," she said.

MEDIA

Magazine industry executives agreed on the possible effects of an oil crisis but disagreed how important these might be.

An oil squeeze would be likely to lead to higher ink costs, since ink is an oil byproduct. Such a squeeze also could result in increased distribution costs because of the oil-dependent trucks that deliver magazines to single-copy outlets.

Ink and transportation each represent 5% of publishers' overall manufacturing and distribution costs.

"We don't need any further increases in our costs of goods," said James Guthrie, exec VP-marketing development for the Magazine Publishers of America. "If there is an oil crisis, magazines would have to raise rates to cover these costs."

Mr. Guthrie pointed out that magazines are already facing the likelihood of average 23% increases in second-class postal rates in 1991.

But Reginald Brack, chairman-president-ceo of Time Inc. Magazine Co., said oil and transportation costs "are not gigantic cost centers."

And Thomas Ryder, president of American Express Publishing agreed.

That's "not earth-shattering," he said. "What's of much more concern is the impact on the general economy. If it reduces consumer confidence, it could affect spending, which ultimately has a lot to do with how people advertise."

The MPA's Mr. Guthrie, however, remained confident: "Our feeling at this point is, with multinational support and sanctions on Iraq, it would appear our oil supply can be maintained and none of these scenarios will be played out."

The consensus among network TV executives is it's "too early to tell" what the impacts of the events in the Mideast will be.

But most agency media buyers predict a very soft fourth-quarter "scatter" marketplace, in which advertisers buy remaining available time on a program-by-program basis.

In some years, fourth-quarter scatter sales start as early as mid-August; the current delay might be traced to Mideast concerns.

"You could drive a truck through fourth-quarter in almost every daypart," said one agency media buyer. "Especially hard hit are prime-time and sports, but the networks are negotiable in news, daytime and kids right now, too. You can practically name your price."

Alan Gottesman, media analyst with PaineWebber, noted inflation tends to have a positive effect on advertising. Since it's such a minuscule part of corporate budgets, cost escalations are relatively easily absorbed into the corporate economy.

AD AGENCIES

WPP Group, Saatchi & Saatchi Co. and other U.K. publicly quoted agency stocks continued a decline in value Friday.

WPP's share price fell 22.4% during the previous two weeks; Saatchi's price fell 20.5%; Lowe International, 18.6%; and Aegis Group, the holding company for the French media buying group Carat, 15.3%.

"People's confidence in the stock market has been tested severely by events in the Gulf," said Mark Shepperd, an analyst at London stockbroker UBS Phillips & Drew. "They are particularly worried about highly leveraged companies, and WPP is a very highly leveraged company."

WPP and Saatchi were the hardest hit because of their high level of debt and their big exposure in the U.S., where the dollar is weak and ad spending growth is slowing.

"I think it's a mixture of things —a couple of companies [FKB Group and Yellowhammer] going into receivership, the [sluggish] state of the U.K. advertising market, the depreciating U.S. dollar and concern over [Saatchi's and WPP's] bank debt," said Neil Blackley, an analyst at James Capel & Co.

Warburg Securities said it will today put out a buy recommendation on WPP stock, highlighting the low price and the high earnings-per-share growth of 17% in 1990 and 12% in 1991 that Warburg is forecasting.

"I think it's a fantastic buy right now," said Warburg analyst Lorna Tilbian.

WPP had no comment; Saatchi executives couldn't be reached. □

Written by Jennifer Lawrence from bureau reports.

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